

Message Text

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72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 INT-08 SCEM-02 OMB-01

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 1786

UNCLAS LA PAZ 7640

E.O. 11652: N/A

TAGS: ENRG, BL

SUBJ: YPFB SIGNS SIXTH OPERAION CONTRACT

REF: (A) LA PAZ 7562; (B) A-228 OF OCTOBER 13, 1973

1. ON DECEMBER 18 REPRESENTATIVES OF BOLIVIAN GOVERNMENT AND SUN OIL COMPANY SIGNED OPERATIONS CONTRACT SIMILAR TO FIVE OTHERS REPORTED PREVIOUSLY WITH OTHER OIL COMPANIES. SUN OIL WILL EXPLORE ABOUT 1,000,000 HECTARES LOCATED JUST WEST OF CITY OF ORURO ON THE ALTIPLANO IN PROVINCES OF CERCADO, POOP, AND CARANGAS ALL IN DEPARTMENT OF ORURO AND PROVIDENCE OF AROMA, LA PAZ DEPARTMENT. AREA IS ROUGHLY WITHIN 67 AND 68 DEGREES LONGITUDE AND 17.5 AND 19 DEGREES LATITUDE.

2. IF OIL FOUND, SUN OIL WILL RECEIVE 48 PERCENT OF PRODUCTION OF FIRST 100,000 BARRELS PER DAY; 47 PERCENT OF OIL EXCEEDING 100,000 BARRELS PER DAY UP TO AND INCLUDING 150,000 BARRELS PER DAY; AND 45 PERCENT OF OIL EXCEEDING 150,000 BARRLES PER DAY. IF GAS FOUND, SUN OIL WILL RECEIVE 48 PERCENT OF GAS PRODUCED OF FIRST 200,000 THOUSAND CUBIC FEET PER DAY (TCFD) PRODUCED; 47 PERCENT OF GAS EXCEEDING 200,000 TCFD UP TO AND INCLUDING 300,000 TCFD; AND 45.5 PERCENT OF GAS EXCEEDING 3000,000 TCFD. OTHE CONDITIONS OF CONTRACT REPORTEDLY ARE SIMILAR TO THOSE DESCRIBED IN REFAIR (B) FOR PHILLIPS PETROLEUM CONTRACT.

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3. COMMENT: IN COURTESY CALL TO AMBASSADOR ON DECEMBE 18,

MARION D. NOBLE, VICEPRESIDENT AND JOHN RICE, DIRECTOR FOR EXPLORATION BOTH OF SUN OIL, NOBLE TOLD AMBASSADOR HIS COMPANY ALSO WOULD SIGN OPEATIONS CONTRACT WITH YPFB FOR AREA DIRECTLY WEST OF UNION OIL CO.'S AREA. THIS IS EXTREMELY RUGGED COUNTRY BORDERING PERU AND LIKELY WITHIN PROVINCES OF ITTURALDE AND SAAVEDRA IN DEPARTMENT OF LA PAZ. HE ALSO TOLD AMBASSADOR YPFB IS VERY ANXIOUS TO START WORKING ALTIPLANO AREA WHICH IS REASON HIS COMPANY'S FIRST OPERATION CONTRACT WAS SIGNED IN RELATIVELY SHORT NEGOTIATING PERIOD. YPFB GAVE SLIGHTLY PREFERENTIAL TREATMENT TO SUN OIL IN THAT SUN OIL WILL RECEIVE 45.5 PERCENT OF GAS IF PRODUCTION EXCEEDS 400,000 TCFD COMPARED TO 45 PERCENT WHICH WILL BE TURNED OVER TO AMERADA HESS-AMOCO PETROLEUM FOR SAME GAS PRODUCTION.
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